Health Care Financing Notes

Medicare: Use of Home Health Services, 1977

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Health Care Financing Notes are published periodically by the Health Care Financing Administration's Office of Research, Demonstrations, and Statistics.

The Health Care Financing Administration was established in March 1977 to combine HEW's health financing and quality assurance programs into a single agency. HCFA is responsible for the operation of the Medicare and Medicaid programs, the PSRO program, Federal survey and certification efforts, and a variety of health care quality assurance activities.

The mission of the Health Care Financing Administration is to promote the timely delivery of appropriate, quality health care to its beneficiaries—approximately 45 million aged, disabled, and poor Americans. HCFA is committed to making beneficiaries aware of the services for which they are eligible, promoting the accessibility of those services and ensuring that HCFA policies and actions promote efficiency and quality within the total health care delivery system.

HCFA's Office of Research, Demonstrations, and Statistics (ORDS) conducts studies and projects that demonstrate and evaluate optional reimbursement, coverage, eligibility, and management alternatives to the present Federal programs. ORDS also assesses the impact of HCFA programs on health care costs, program expenditures, beneficiary access to services, health care providers, and the health care industry. In addition, ORDS monitors national health care expenditures and prices and provides actuarial analyses on the costs of current HCFA programs as well as the impact of possible legislative or administrative changes in the programs.

The purpose of the ***Health Care Financing Notes*** is to provide the public with descriptive program data or information as soon as it becomes available. Data is presented here in a brief, concise format. Frequently a more comprehensive analysis of the data may be available at a later time in one of the Health Care Financing Administration's other publications.

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Medicare: Use of Home Health Services, 1977

This *Note* presents for the first time 1977 data on home health services used by Medicare beneficiaries. The accompanying tables show (1) trends in the utilization of and Medicare reimbursements for home health services, (2) utilization and reimbursement in 1977 by selected demographic characteristics of the beneficiaries, and (3) utilization and reimbursements in 1977 by State of residence.

Highlights of the data follow:

Trends in Reimbursement

- Interim reimbursements for home health services in 1977 were almost $364 million—an increase of 24 percent over 1976 (Table 1).
- In 1977, home health payments amounted to almost 1.8 percent of total Medicare payments.
- Medicare reimbursements for home health services increased at a higher rate—23.5 percent—in 1977 than total Medicare reimbursements—16.4 percent.

Utilization Characteristics

- In 1977, almost two-thirds of the services were used by female beneficiaries (Table 2).
- Services provided to white beneficiaries outnumbered services to all other races 9 to 1.
- The aged used 92 percent of the services and also accounted for a similar proportion of the charges.
- The remaining 8 percent of the services were used by Medicare beneficiaries who were disabled or had end-stage renal disease (ESRD).

Utilization and Charges by Geographic Area

- One-third of the home health visits were provided to Medicare beneficiaries in the New England and Middle Atlantic States (Table 3).
- The highest charge for services was recorded for the Pacific States—$28 a visit.
- Higher charges were recorded for beneficiaries living outside the United States, but these areas accounted for only about 2 percent of the services and about 3 percent of the reimbursements.

Prepared by Wayne Callahan, Office of Research, Demonstrations, and Statistics, Health Care Financing Administration. The reliability of the estimates was prepared by James Beebe.

Sources and Limitations of Data

Data published in this report were obtained from billing forms submitted by home health agencies for Medicare beneficiaries receiving reimbursable services in 1977. Figures shown are estimates based on a 40 percent sample of the enrolled population and subject to sampling variability. The sample counts have been inflated to give an estimate of the utilization of home health services for 1977 based on bills recorded as of December 1978. Payments shown are based on interim rates that are adjusted after the end of the accounting year according to reasonable costs of operation.

Standard Error Tables

Tables 4 and 5 show appropriate standard errors for estimates presented in this report. The standard error is a measure of sampling variability: the variation occurs by chance because a sample rather than the whole population is used. Approximate methods were used to calculate the standard errors at a reasonable cost. Thus, these tables should be used only as indicators of the order of magnitude of the standard errors for specific estimates.

DEFINITIONS

Home Health Services—These are reimbursable services under Medicare which include intermittent skilled nursing, physical therapy, speech therapy, occupational therapy, medical social services, home health aide services, services of interns and residents; medical supplies (except drugs and biologicals), and the use of medical equipment.

Home Health Service Visit—A personal visit to the home of a patient to provide covered medical services.

TABLE 1.—Total Medicare reimbursement, home health services reimbursement, and number of home health visits under Medicare, 1969-77

Calendar year	Total Medicare reimbursement: Amount (in millions)	Total Medicare reimbursement: Percent change	Home health reimbursement: Amount (in millions)	Home health reimbursement: Percent change	Home health reimbursement: Percent of total Medicare reimbursement	Home health visits: Number (in millions)	Home health visits: Percent change
1969	$6,284.0	–	$78.1	–	1.24	8.5	–
1970	6,772.4	7.8	61.5	-21.2	.91	6.0	-29.9
1971	7,486.9	10.6	56.8	-7.7	.76	4.8	-20.5
1972	8,216.1	9.7	65.9	16.1	.80	5.2	9.2
1973	9,637.8	17.3	92.9	40.8	.96	6.4	22.4
1974	11,898.0	23.5	144.3	55.4	1.21	8.2	29.3
1975	14,712.2	23.7	217.0	50.4	1.47	10.9	32.3
1976	17,829.6	21.2	294.6	35.8	1.65	13.5	24.4
1977	20,752.0	16.4	363.8	23.5	1.75	15.5	14.9

Source: Health Care Financing Administration, unpublished utilization statistics. Amounts are for year in which expenses were incurred, based on bills processed through December 1978. Thus, data for most recent years are less complete than data for earlier years.

TABLE 2.—Number and percentage distribution of home health visits and amount of charges by selected demographic characteristics, 1977

(Numbers and amounts in thousands)

Demographic characteristics	TOTAL: Number of visits	TOTAL: Visit charges	TOTAL: Total charges	TOTAL: Total reimbursement	AGED: Number of visits	AGED: Visit charges	AGED: Total charges	AGED: Total reimbursement	DISABLED: Number of visits	DISABLED: Visit charges	DISABLED: Total charges	DISABLED: Total reimbursement
Total	15,548	$385,190	$407,798	$363,760	14,341	$355,365	$375,975	$335,144	1,207	$29,822	$31,822	$28,616
Sex:												
Male	5,462	137,133	146,716	130,418	4,918	123,585	132,115	117,377	544	13,548	14,601	13,041
Female	10,087	248,058	261,080	233,342	9,424	231,780	243,860	217,767	663	16,278	17,220	15,575
Race:												
White	13,397	328,143	347,043	310,656	12,418	304,308	321,553	287,720	979	23,835	25,490	22,936
All other races	1,784	48,142	51,301	44,623	1,578	42,680	45,532	39,464	206	5,462	5,769	5,159
Unknown	367	8,906	9,454	8,483	345	8,378	8,890	7,961	22	528	564	522
Type of Coverage:												
Hospital insurance	10,837	272,868	289,289	261,325	10,042	252,870	267,878	241,882	795	19,998	21,411	19,443
Medical insurance	4,712	112,323	118,509	102,435	4,300	102,495	108,098	93,262	412	9,828	10,411	9,173
	Percentage distribution											
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sex:												
Male	35.1	35.6	36.0	35.9	34.3	34.8	35.1	35.0	45.1	45.4	45.9	45.6
Female	64.9	64.4	64.0	64.1	65.7	65.2	64.9	65.0	54.9	54.6	54.1	54.4
Race:												
White	86.2	85.2	85.1	85.4	86.6	85.6	85.5	85.8	81.1	79.9	80.1	80.2
All other races	11.5	12.5	12.6	12.3	11.0	12.0	12.1	11.8	17.1	18.3	18.1	18.0
Unknown	2.4	2.3	2.3	2.3	2.4	2.4	2.4	2.4	1.9	1.8	1.8	1.8
Type of Coverage:												
Hospital insurance	69.7	70.8	70.9	71.8	70.0	71.2	71.2	72.2	65.9	67.0	67.3	67.9
Medical insurance	30.3	29.2	29.1	28.2	30.0	28.8	28.8	27.8	34.1	33.0	32.7	32.1

TABLE 3.—Number of visits and amount of charges, by geographic area, 1977

(Numbers and amounts in thousands)

Geographic area	Number of visits	Visit charges	Charge per visit	Total charges	Total reimbursement
All areas	15,548	$385,190	$25	$407,798	$363,760
United States	15,190	372,567	25	393,226	354,533
New England	1,627	28,674	18	29,172	27,718
Maine	143	2,791	19	2,832	2,693
New Hampshire	97	1,301	13	1,306	1,236
Vermont	103	1,659	16	1,667	1,612
Massachusetts	730	12,658	17	12,936	12,174
Rhode Island	133	2,333	18	2,386	2,339
Connecticut	422	7,932	19	8,045	7,663
Middle Atlantic	3,491	84,664	24	89,800	83,444
New York	1,324	37,518	28	40,180	36,899
New Jersey	870	18,955	22	19,775	19,605
Pennsylvania	1,297	28,192	22	29,845	26,941
East North Central	2,085	55,416	27	56,599	51,982
Ohio	560	12,939	23	13,276	12,613
Indiana	127	2,459	19	2,639	2,492
Illinois	773	23,768	31	24,145	20,997
Michigan	353	10,906	31	11,016	10,551
Wisconsin	272	5,344	20	5,523	5,330
West North Central	946	19,384	20	20,458	17,739
Minnesota	133	2,738	21	2,849	2,774
Iowa	91	1,164	13	1,187	1,144
Missouri	563	12,727	23	13,506	11,089
North Dakota	13	165	13	181	177
South Dakota	20	145	7	152	142
Nebraska	62	1,222	20	1,337	1,290
Kansas	64	1,221	19	1,246	1,122
South Atlantic	2,424	65,670	27	69,039	61,762
Delaware	47	744	16	774	740
Maryland	203	5,015	25	5,099	4,959
District of Columbia	69	2,031	30	2,062	1,800
Virginia	138	3,181	24	3,199	3,107
West Virginia	95	2,025	21	2,181	1,868
North Carolina	298	5,848	20	6,297	6,131
South Carolina	117	3,010	26	3,327	3,116
Georgia	143	4,006	28	4,430	3,929
Florida	1,315	39,809	30	41,670	36,112

TABLE 3.—Number of visits and amount of charges, by geographic area, 1977 (Continued)

(Numbers and amounts in thousands)

Geographic area	Number of visits	Visit charges	Charge per visit	Total charges	Total reimbursement
East South Central	1,209	$29,858	25	$33,500	$26,143
Kentucky	138	3,222	23	3,614	3,400
Tennessee	310	7,392	24	8,401	6,745
Alabama	277	6,961	25	7,441	6,611
Mississippi	484	12,284	25	14,043	9,387
West South Central	1,228	31,418	26	34,688	29,621
Arkansas	39	1,008	26	1,066	1,022
Louisiana	423	10,067	24	11,426	9,102
Oklahoma	49	1,414	29	1,468	1,239
Texas	718	18,930	26	20,728	18,257
Mountain	528	10,883	21	11,493	10,843
Montana	55	867	16	878	771
Idaho	72	1,351	19	1,529	1,503
Wyoming	23	460	20	471	383
Colorado	132	3,352	25	3,380	3,313
New Mexico	71	1,340	20	1,399	1,285
Arizona	112	2,463	22	2,727	2,516
Utah	39	584	15	631	609
Nevada	26	466	18	478	463
Pacific	1,652	46,600	28	48,475	45,282
Washington	183	5,078	28	5,273	4,736
Oregon	126	3,586	29	3,901	3,734
California	1,309	37,138	28	38,370	35,929
Alaska	1	49	33	50	49
Hawaii	33	749	23	882	834
Outlying Areas[1]	357	12,624	35	14,571	9,227

[1] Includes Puerto Rico, Virgin Islands, Guam, other areas, and residence unknown.

TABLE 4.—Approximate standard error of number of visits

Estimated number of visits	Standard error of estimate
5,000	890
10,000	1,300
50,000	3,000
100,000	4,300
500,000	10,000
1,000,000	15,000
4,000,000	31,000
8,000,000	38,000

TABLE 5.—Approximate standard error of amount of total charges, visit charges, or reimbursement

Estimate of charges	Standard error of estimate
$50,000	$10,000
100,000	14,000
500,000	35,000
1,000,000	53,000
10,000,000	220,000
30,000,000	470,000
100,000,000	710,000
150,000,000	720,000

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